



# **Planning Your Service Retirement**



*California  
Public  
Employees'  
Retirement  
System*



## **Planning Your Service Retirement**

If you're planning to retire, you have some important decisions to make. This brochure includes a checklist to assist you. Detailed benefit information is provided in your CalPERS member benefit booklet, which you can get from any CalPERS Regional Office, from your employer, or on the CalPERS web site ([www.calpers.ca.gov](http://www.calpers.ca.gov)). Brochures on various retirement subjects are also available.

We encourage you to contact your nearest CalPERS Regional Office to attend a Retirement Planning Workshop and for more information on the retirement application process and your benefits.

### **Minimum Retirement Age**

The minimum service retirement age for most CalPERS members is 50 with five years of CalPERS service credit. State Second Tier members must be 55 years old with 10 years of service credit. However, there are some exceptions to these requirements. If you are age 50 or older, contact CalPERS to determine if an exception will apply to you.

### **Choosing A Retirement Date**

The selection of your retirement date is one of the most important decisions to make when planning your retirement.



- Your retirement may be effective any day of the week, even on a weekend. For example, if your last day on paid status falls on Friday, your retirement date may be effective Saturday.
- The benefit factor used in the calculation of your retirement benefit is based on your age at retirement. It increases each quarter year from your birthday, up to a maximum age that depends on your retirement formula.
- If you work full time during a fiscal year (July 1 to June 30), you may wish to retire when you have earned a full year of service credit. For example, if you are paid on a monthly basis, 10 months equals one year of service credit, and you no longer accrue service credit after April 30.
- If you are planning to retire at the end of a calendar year, consider that your retirement date may affect how soon you begin to receive cost-of-living adjustments (COLA). The first COLA increase begins on May 1 of the *second calendar year* following your retirement. For example, if you retire on December 31, 2003, your first COLA will be on May 1, 2005. If you wait just one day and retire on January 1, 2004, your first COLA won't be until May 1, 2006. (However, you may decide that the increase in your retirement allowance from working into the new year outweighs the benefit of an early COLA.)

- Your retirement date must be within 120 days of separation from employment for you to be eligible to convert unused sick leave or educational leave to additional service credit (if your employer contracts for this benefit).
- For service retirement, you must be married for at least one year prior to your retirement date for the Survivor Continuance benefit (if applicable) to be payable to your spouse.
- If you leave employment covered by CalPERS for employment covered by another public retirement system in California, your retirement benefits could be based on your highest compensation earned under all systems, but *only if you retire on the same date* under all systems.

### ***Important Notice***

Section 415 of the Internal Revenue Code places limits on the annual benefit you can receive from a tax-qualified pension plan such as CalPERS if you retire at “normal retirement age.” The amount, currently at \$135,000, is indexed annually for inflation and reduced for early retirement.

In some cases, State Safety, Local Safety, State Patrol, or State Peace Officer/Firefighter members may be considered as retiring at Social Security “normal retirement age,” even though their actual age is younger.

●

If you first became a CalPERS member prior to January 1, 1990, your benefit, under certain circumstances, may not exceed these limits. If, at your retirement, CalPERS finds that your benefit must be limited under Section 415, CalPERS will enroll you in a replacement benefit program and pay a monthly amount that will, to the extent possible, make up for the limitations on your CalPERS benefit.

## **Retirement Planning Checklist**

### ***One Year Before Retiring***

- ☐ Review your latest CalPERS Annual Member Statement. If you don't have yours available, contact CalPERS at (800) 352-2238 to request a copy. If you think you may be eligible to purchase additional service credit for employment not shown on your statement, you should request and complete ***A Guide to Your CalPERS Service Credit Purchase Options*** package (PERS-PUB-12).
- ☐ Contact the Social Security Administration for information on benefits under that system and your Medicare eligibility.
- ☐ Attend a CalPERS Retirement Planning Workshop or Financial Planning Seminar.
- ☐ Request a ***Stepping Into Retirement ... A Guide to Completing Your Service Retirement Application*** package (PERS-PUB-43).

## ***Nine Months Before Retiring***

- ❑ If you have a community property claim on your retirement benefits, you must provide CalPERS a copy of the court order resolving the claim before you can receive retirement benefits. If you are not sure if CalPERS has this information, or you have questions on your court settlement and your benefits, contact the CalPERS Member Services Division Community Property Unit at (916) 326-3551.
- ❑ If you are also a member of another public retirement system in California, you should review the ***When You Change Retirement Systems*** booklet (PERS-PUB-16). There are some steps you need to take to ensure you receive all the benefits you deserve from each system. *You will have to file for retirement separately with each system; however, your benefits could be based on the highest compensation earned under all systems if you retire from each on the same date.*

## ***Six Months Before Retiring***

- ❑ Time to think about getting a retirement benefit estimate. Use the information from your Annual Member Statement to get an estimate from the on-line CalPERS Retirement Planning Calculator on our web site or complete the *Retirement Allowance Estimate Request* form in the ***Stepping Into Retirement*** package and send it to CalPERS. This information can help you choose your actual retirement date.

## ***Four to Five Months Before Retiring***

- ❑ Begin working on your *Service Retirement Election Application* form (in the ***Stepping Into Retirement*** package). Since some of the information must be completed by your employer, we suggest you complete Sections A through E and then take it to your Personnel Office to complete Section F. Doing this now will ensure your employer has enough time to complete it and you can send it to CalPERS 90 days before your retirement date.
- ❑ This is also the time you should begin to gather and make copies of some of the required documents you will need. (Remember, only send CalPERS **copies** of these materials — never send originals. There is a Required Documents Checklist in the ***Stepping Into Retirement*** package that you can refer to before you send in your application.)
- **Marriage Certificate** – this is needed if you are a State or school member, or a public agency member whose employer contracts for the Survivor Continuance benefit; or if you will be naming your spouse as your beneficiary.



- **Your Beneficiary's Birth Certificate** – this is needed if you are considering one of the options to provide continuing benefits to a beneficiary after your death; or you have a child under the age of 18 or a child who became disabled before age 18 who is eligible for the Survivor Continuance Benefit.
- ❑ Find out about the taxability of your retirement allowance from Internal Revenue Service and State Franchise Tax Board representatives, or ask your private tax consultant or attorney. Taxes will be automatically withheld, unless a specific election is made. If you are a CalPERS member who resides outside of California, California State tax will not be withheld unless you specifically request CalPERS do so. Review the ***Taxes and Your Retirement*** booklet (PERS-PUB-34) for more information.

### ***Three to Four Months Before Retiring***

- ❑ If your Personnel Office has not yet returned your retirement application to you with Section F completed, this is the time to have them do so.
- ❑ Now, you should finish completing the remainder of the application (Section G — Tax Withholding Election and Section H — Member Signature & Notary).

- ❑ Check out the other forms in the ***Stepping Into Retirement*** package to see if you will need to use them (based on your individual situation). These include: *Retirement Allowance Estimate Request*, *Beneficiary Designation*, *Direct Deposit Authorization*, and *Justification for Non-Signature of Spouse* (two versions).

### ***Three Months Before Retiring***

- ❑ Now it's time to send your completed *Service Retirement Election Application* form and any other applicable forms to CalPERS at the address shown on each form. Be sure you keep a copy for your records and keep your application package for future information.
- ❑ If you are interested in appointing someone to act on your behalf to conduct your retirement affairs with CalPERS, request ***The Power of Attorney*** booklet (PERS-PUB-30).
- ❑ Contact your employer (Department of Personnel Administration for State employees) to find out how to apply for any deferred compensation funds you have.
- ❑ Ask your credit union, employee organization, or insurance plan if the following payroll deductions can be continued into retirement:
  - credit union payments and shares;
  - employee organization dues;
  - life insurance;
  - dental insurance (other than State employees);

- health insurance (if not covered under the CalPERS Health Program); or
- CalPERS Long-Term Care Program.

❑ Contact your health benefits officer or Personnel Office to determine your eligibility for health and dental coverage as a retiree.

Employees currently enrolled in a CalPERS health plan who retire within 120 days from the date of separation from employment are eligible to continue their health benefits into retirement.

- Your health insurance will automatically continue if your retirement date is within 30 days (or less than one full pay period) of separation.
- You will need to re-enroll to continue your health coverage if your retirement date is more than 30 days but less than 120 days of separation from employment. Your Personnel Office should complete the *Health Benefit Plan Enrollment* form (PERS-HBD-12) at the time of separation.
- You are not eligible for health coverage if your retirement date is more than 120 days of separation from employment.

If you are a State employee enrolled in the FLEX-ELECT cash option plan and wish to enroll in a CalPERS-sponsored health plan, you may do so from 30 days before, up to 30 days after, your retirement date.



If you are a State employee and were hired after January 1, 1985, you may be subject to vesting requirements that can affect the amount the State contributes to your health benefits premium.

If you are enrolled as a dependent in a CalPERS health plan at the time of your retirement and wish to enroll in your own right, the cancellation as a dependent and re-enrollment must be coordinated to prevent a lapse in coverage. If you do not choose to enroll in your own right at retirement and later lose CalPERS health coverage as a dependent due to divorce, legal separation, etc., you may enroll in your own right.

### ***Medicare Eligibility***

When you retire, you and any covered family members who are eligible for enrollment in Medicare Part A (Hospital) and Part B (Medical) may enroll in either a Supplement to Medicare or Managed Medicare health plan.

Enrollment in either the Supplement or Managed Medicare plan is not automatic. You must establish your eligibility at the time of retirement by forwarding a copy of your Medicare card or Letter of Entitlement, along with your enrollment request, to the CalPERS Health Benefit Services Division.



### ***Dental Benefits Eligibility***

State employees who retire within 120 days of separation from employment and receive a retirement allowance from CalPERS are eligible for dental benefits. Continuation of your dental coverage into retirement is not automatic. Your current Personnel Office must complete a new *Dental Plan Enrollment Authorization* form (STD-692). Send the completed form to CalPERS 30 days prior to your retirement. If you do not enroll at the time of retirement but choose to remain as a dependent and later lose other State-sponsored dental coverage (for example, through loss of employment, divorce, or legal separation), you may enroll during a future open enrollment period.

### ***Consolidated Omnibus Budget Reconciliation Act (COBRA)***

If you are not eligible for health or dental benefits, federal legislation provides continuation of group benefits (health, dental, and vision) for 18 to 36 months. Contact your Personnel Office for details.

### ***Long-Term Care Program***

If you are enrolled in the CalPERS Long-Term Care Program and have premiums deducted from your paycheck, you will need to call the Program's Customer Service Center at (800) 982-1775 to find out how to continue your premiums after retirement.



## ***Vision Coverage***

Vision coverage is not available in retirement. You may continue this insurance through COBRA. (Note: Future legislation may add vision coverage for State and schools retirees. For the latest status, check the CalPERS web site.)

## **Disability Retirement Benefits**

Regardless of whether you meet the minimum age requirement for service retirement, if you are unable to work due to an injury or illness, you may be entitled to a monthly disability allowance from CalPERS for the rest of your life or until you recover. For more information, refer to ***A Guide to Completing Your Disability Retirement Election Application*** (PERS-PUB-35). You may also be eligible for disability retirement benefits from the Social Security Administration. Contact the Social Security Office nearest you for more information.

## **Emergency Retirement**

CalPERS will expedite retirement processing for those who are terminally ill and facing imminent death. Contact your nearest CalPERS Regional Office or your employer immediately if there is a need for emergency retirement assistance.



## **For More Information**

If you have questions or need further information about planning your service retirement, please contact your nearest CalPERS Regional Office. Please include your Social Security and telephone numbers on written inquiries.

### **CalPERS Member Services Division**

P.O. Box 942704  
Sacramento, CA 94229-2704  
(800) 352-2238  
(916) 658-1224 — FAX  
(916) 326-3240 — Telecommunications  
Device for the Deaf

### **CalPERS Health Benefit Services Division**

P.O. Box 942714  
Sacramento, CA 94229-2714  
(800) 237-3345  
(916) 326-3935 — FAX

### **CalPERS Regional Offices**

Refer to ***Do You Have The Right Number?*** (PERS-PUB-19) for a directory of CalPERS Regional Office locations. (Addresses are also available on the CalPERS On-Line web site.)

### **CalPERS On-Line**

[www.calpers.ca.gov](http://www.calpers.ca.gov)

While reading this material, remember that we are governed by the California Public Employees' Retirement Law. The statements in this booklet are general. The Retirement Law is complex and subject to change. If there is a conflict between the law and this booklet, any decisions will be based on the law and not this booklet.



*California Public Employees'  
Retirement System*

*400 P Street*

*Sacramento • CA 95814*

*[www.calpers.ca.gov](http://www.calpers.ca.gov)*

*Produced by the Office of Public Affairs*

*PERS-PUB-1*

*April 2000*